

**ANNUAL
FINANCIAL REPORT
OF THE
CITY OF SERGEANT BLUFF, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2011**

Prepared by the
Finance Department
Jim Ferneau, City Administrator

**CITY OF SERGEANT BLUFF, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011
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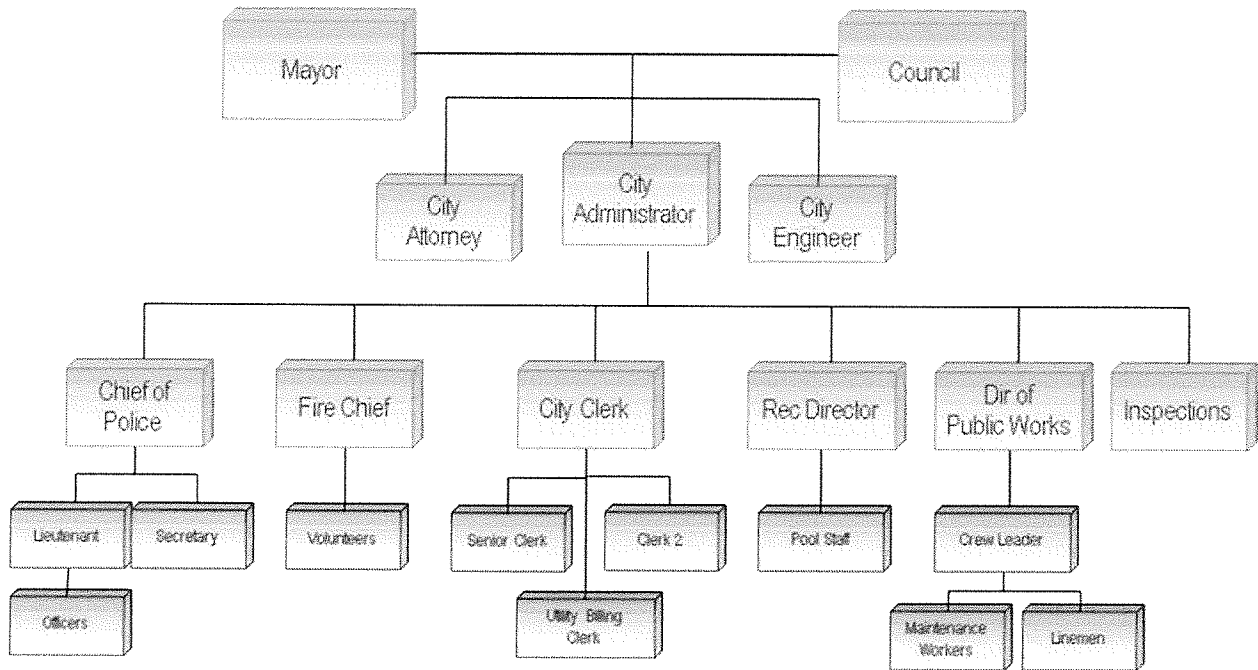
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CITY OF SERGEANT BLUFF, IOWA

Organizational Chart June 30, 2011



CITY OF SERGEANT BLUFF

List of Principal Officials
June 30, 2011

Title	Name
Mayor	Dale Petersen
Council Member and Mayor Pro-Tem.....	Sid Seward
Council Member	Ron Hanson
Council Member	Larry Kollbaum
Council Member	Don Wood
Council Member	Walt Wendel
City Engineer.....	Aaron Lincoln
City Attorney.....	Sarah Kleber
City Administrator.....	Jim Ferneau
City Clerk/Treasurer	Renee Fangman
Public Works Director.....	Mark Huntley
Code Enforcement Officer.....	Cindy Houlihan
Chief of Police	Dave McFarland
Fire Chief.....	Anthony Gaul
Recreation Director	Brent Brown
Library Director.....	Leslie Ellerbeck



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INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Members of the City Council
City of Sergeant Bluff, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sergeant Bluff, Iowa, (the City) as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the

management's discussion and analysis, budgetary comparison information, and schedule of funding progress for the retiree health plan on pages 5 through 12 and 49 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. We, or another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

William & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 31, 2012

Management's Discussion and Analysis

The discussion and analysis of the City of Sergeant Bluff's financial performance for the year ended June 30, 2011 provides a narrative overview of its financial activities. Readers are encouraged to consider the information presented here in conjunction with the City's financial statements, which follow.

Financial Highlights

- The City's assets of approximately \$35.5 million are divided between Governmental Activities (\$16.0 million) and Business-Type Activities (\$19.5 million). Combined assets exceeded liabilities by approximately \$24.5 million. Of this amount, approximately \$5.0 million is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- At June 30, 2011, the City of Sergeant Bluff's governmental funds reported combined ending fund balances of approximately \$1.6 million.
- The unassigned fund balance for the general fund, at the end of the current fiscal year was approximately \$821,000. This represents 32 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Sergeant Bluff's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Sergeant Bluff's finances, in a manner similar to a private-sector business. The Statement of Net Assets is essentially a balance sheet that combines all funds on a government-wide basis. Changes in net assets over time may be an indicator of whether the City's financial position is improving or worsening.

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in the net assets are reported as soon as the underlying event occurs, giving rise to the change regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Sergeant Bluff that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Sergeant Bluff include general government, public safety, public works, community and

economic development, culture and recreation and debt service. The Business-Type Activities of the City include an electric, water, sewer, solid waste and storm water utility.

The government-wide financial statements can be found on pages 14-16 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sergeant Bluff, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Sergeant Bluff maintains 9 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements as supplementary information.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary Funds. The City of Sergeant Bluff maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Electric, Water, Sewer, Solid Waste and Storm Water Utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water and Sewer Utilities.

The basic proprietary fund financial statements can be found on pages 23-30 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties external to the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Sergeant Bluff's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements are reported in a separate statement of fiduciary net assets.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-48 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest part of the City's net assets reflects its investment in capital assets (land, buildings and improvements, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net assets for the years ended June 30, 2011 and 2010:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total City</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current and other assets	\$ 3,581,780	\$ 4,994,406	\$ 4,801,985	\$ 5,117,219	\$ 8,383,765	\$ 10,111,625
Capital assets	<u>12,383,708</u>	<u>12,262,901</u>	<u>14,708,493</u>	<u>11,180,776</u>	<u>27,092,201</u>	<u>23,443,677</u>
Total assets	15,965,488	17,257,307	19,510,478	16,297,995	35,475,966	33,555,302
Long-term debt						
outstanding	3,456,275	5,136,127	4,914,406	2,890,815	8,370,681	8,026,942
Other liabilities	<u>1,913,089</u>	<u>1,909,291</u>	<u>650,894</u>	<u>707,660</u>	<u>2,563,983</u>	<u>2,616,951</u>
Total liabilities	5,369,364	7,045,418	5,565,300	3,598,475	10,934,664	10,643,893
Net assets:						
Invested in capital assets,						
net of related debt	8,927,433	7,586,774	9,794,087	9,104,961	18,721,520	16,691,735
Restricted	760,471	1,605,338	-	-	760,471	1,605,338
Unrestricted	<u>908,220</u>	<u>1,019,777</u>	<u>4,151,091</u>	<u>3,594,559</u>	<u>5,059,311</u>	<u>4,614,336</u>
Total net assets	<u>\$ 10,596,124</u>	<u>\$ 10,211,889</u>	<u>\$ 13,945,178</u>	<u>\$ 12,699,520</u>	<u>\$ 24,541,302</u>	<u>\$ 22,911,409</u>

This summary reflects a 3.4% increase in governmental activities net assets and an increase of 10.6% increase in the business-type activities net assets.

Total revenue reported in Fiscal Year 2011 was \$9,322,818. The following table breaks down revenues collected for governmental activities and business-type activities for fiscal year 2011 and 2010.

Revenue Source	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Program revenues:						
Charges for services	\$ 355,395	\$ 348,188	\$ 4,263,197	\$ 4,131,629	\$ 4,618,592	\$ 4,479,817
Operating grants and contributions	431,518	387,112	-	-	431,518	387,112
Capital Grants and contributions	264,773	1,351,004	1,785,000	-	2,049,773	1,351,004
Total program revenues	<u>1,051,686</u>	<u>2,086,304</u>	<u>6,048,197</u>	<u>4,131,629</u>	<u>7,099,883</u>	<u>6,217,933</u>
General revenues and interfund transfers:						
Property taxes	1,733,358	1,712,713	-	-	1,733,358	1,712,713
Local option sales tax	372,605	371,770	-	-	372,605	371,770
Hotel/motel tax	17,300	18,611	-	-	17,300	18,611
Interest	63,921	85,790	5,902	2,234	69,823	88,024
Gain on sale of assets	-	50	-	-	-	50
Miscellaneous	27,428	37,713	2,421	6,808	29,849	44,521
Interfund transfers	(278,622)	621,286	278,622	(621,286)	-	-
Total general revenues and interfund transfers	<u>1,935,990</u>	<u>2,847,933</u>	<u>286,945</u>	<u>(612,244)</u>	<u>2,222,935</u>	<u>2,235,609</u>
	<u>\$ 2,987,676</u>	<u>\$ 4,934,237</u>	<u>\$ 6,335,142</u>	<u>\$ 3,519,385</u>	<u>\$ 9,322,818</u>	<u>\$ 8,453,622</u>

Program revenues totaled \$7,099,883 for fiscal year 2011. Governmental activities provided \$1,051,686 and business-type activities provided \$6,048,197. Revenue collected for charges for services during the year was \$4,618,592, accounting for 65 percent of total program revenues.

General revenues and transfers for fiscal year 2011 totaled \$2,222,935, with governmental activities providing \$1,935,990, and business-type activities providing \$286,945. Property tax revenues for fiscal year 2011 totaled \$1,733,358, accounting for almost 78 percent of general revenues.

Expenses for fiscal year 2011 totaled \$7,692,925. Expenses for governmental activities totaled \$3,554,890, accounting for 46 percent of total expenses. Business-type activity expenses totaled \$4,138,035, for 54 percent of the total. The following table shows total expenses by Function/Program:

Program Level	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Public safety	\$ 1,317,221	\$ 1,107,547	\$ -	\$ -	\$ 1,317,221	\$ 1,107,547
Public works	874,347	794,775	-	-	874,347	794,775
Health and Social Services	10,200	2,400	-	-	10,200	2,400
Culture and recreation	578,937	578,240	-	-	578,937	578,240
Community and economic development	65,797	55,784	-	-	65,797	55,784
General government	566,878	507,912	-	-	566,878	507,912
Debt service	141,510	251,819	-	-	141,510	251,819
Electric utility	-	-	2,442,785	1,867,703	2,442,785	1,867,703
Water utility	-	-	672,637	419,673	672,637	419,673
Sewer utility	-	-	665,773	554,733	665,773	554,733
Solid waste utility	-	-	276,482	276,284	276,482	276,284
Storm water utility	-	-	80,358	63,361	80,358	63,361
Total expenses	<u>\$ 3,554,890</u>	<u>\$ 3,298,477</u>	<u>\$ 4,138,035</u>	<u>\$ 3,181,754</u>	<u>\$ 7,692,925</u>	<u>\$ 6,480,231</u>

The following table shows the activities included within each program level:

Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, General Streets, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development and Community Beautification
General Government	Administration, Accounting, Support Services
Debt Service	Payment of Interest
Capital Projects	Construction of Capital Facilities
Electric Utility	Operation of Electric Distribution System
Water Utility	Operation of Water Supply Distribution System
Sewer Utility	Operation of Waste Water Treatment Plant/Collection System
Solid Waste Utility	Operation of Garbage and Recycling Collection and Disposal System
Storm Water Utility	Operation of Storm Water Drainage System

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional clarification is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, the City spent \$1,317,221 for Public Safety and received \$181,612 in revenue, leaving a cost to taxpayers of \$1,135,609 to be funded by various methods. The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent
Culture and Recreation	Fees, State Aid
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$3,554,890. Of these costs, \$355,395 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were \$696,291, leaving a Net Expense of \$2,503,204 for Governmental Activities. These expenses were covered with tax revenues, interest, and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

<u>Functions/Programs</u>	<u>Net (Expense) Revenue</u>	
	<u>2011</u>	<u>2010</u>
Governmental activities:		
Public safety	\$(1,135,609)	\$ (893,804)
Public works	(226,218)	898,971
Health and Social Services	(10,200)	(2,400)
Culture and recreation	(407,680)	(458,519)
Community and economic development	(37,078)	(30,051)
General government	(544,909)	(474,551)
Debt service	<u>(141,510)</u>	<u>(251,819)</u>
Total net (expense) governmental activities	(2,503,204)	(1,212,173)
General revenues and interfund transfers	<u>1,935,990</u>	<u>2,847,933</u>
Change in net assets	<u>\$ (567,214)</u>	<u>\$ 1,635,760</u>

Total resources available during the year to finance governmental operations were \$14,151,014, consisting of net assets at July 1, 2010 of \$11,163,338, program revenues of \$1,051,686 and general revenues and transfers of \$1,935,990. Total governmental activities during the year expended \$3,554,890; thus, net assets were decreased by \$567,214 to \$10,596,124.

Business-Type Activities

Business-type activities increased the City's net assets by \$2,197,107.

The cost of all proprietary activities this year was \$4,138,035. As shown in the Statement of Activities, program revenue was \$6,048,197, resulting in a total Net Revenue of \$1,910,162.

<u>Business-Type Activities</u>	<u>Net (Expense) Revenue</u>	
	<u>2011</u>	<u>2010</u>
Electric utility	\$ 30,781	\$ 510,196
Water utility	1,821,711	252,761
Sewer utility	57,793	167,754
Solid waste utility	(115)	(11,430)
Storm water utility	<u>(8)</u>	<u>30,594</u>
Total net revenue business-type activities	1,910,162	949,875
General revenues and interfund transfers	<u>286,945</u>	<u>(612,244)</u>
Change in net assets	<u>\$ 2,197,107</u>	<u>\$ 337,631</u>

Total resources available during the year to finance proprietary fund activities were \$18,083,213 consisting of net assets at July 1, 2010, of \$11,748,071, program revenues of \$6,048,197, and general revenues and transfers of \$286,945. Total proprietary fund activities during the year expended \$4,138,075 thus, net assets were increased by \$2,197,107 to \$13,945,178.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal

year. The City's Governmental Funds reported combined ending fund balances \$1,592,165. The combined Governmental Funds balance decreased \$1,410,146 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures and transfers exceeded revenues in the General Fund by \$303,654. Debt Service expenditures exceeded revenues and other sources by \$690,710. This change is the result of retiring crossover refunded debt in 2011.

The Capital Project Fund is used to account for general governmental capital improvements. During 2011 the City expended \$894,000 on various capital projects, primarily First Street and South Lewis Boulevard reconstruction. This project is being financed with government grants and general obligation debt.

BUDGETARY HIGHLIGHTS

The following table shows the budget variances by program structure:

<u>Program</u>	<u>Final Budget</u>	<u>Actual (Cash Basis)</u>	<u>Variance Favorable (Unfavorable)</u>
Public Safety	\$ 1,259,150	\$ 1,103,491	\$ 115,659
Public Works	512,000	358,414	153,586
Health and Social Services	10,600	10,200	400
Culture and Recreation	602,544	554,559	47,985
Community and Economic Development	77,750	65,496	12,254
General Government	568,100	541,597	26,503
Debt Service	1,256,800	863,623	393,177
Capital Projects	1,346,100	976,360	369,740
Business-Type/Enterprise	<u>10,632,338</u>	<u>8,785,984</u>	<u>1,846,354</u>
	<u>\$16,265,382</u>	<u>\$13,259,724</u>	<u>\$ 3,005,658</u>

See pages 49-51 for more detail information regarding the City's budget.

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, electric systems, sewer systems, water systems, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2011, was \$27,092,201, (net of accumulated depreciation). This is an increase of \$3,648,524 from fiscal year 2010. The gross additions to capital assets for fiscal years 2011 and 2010 are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ -	\$ 203,113	\$ -	\$ 220,635	\$ -	\$ 423,748
Infrastructure	331,191	1,304,570	-	-	331,191	1,304,570
Buildings	898,765	-	-	-	898,765	-
Distribution system	-	-	73,895	3,756	73,895	3,756
Equipment	149,317	646,441	30,444	211,309	179,761	857,750
Construction in progress	<u>885,668</u>	<u>-</u>	<u>3,964,256</u>	<u>2,092,045</u>	<u>4,849,924</u>	<u>2,092,045</u>
Total	<u>\$ 2,264,941</u>	<u>\$ 2,154,124</u>	<u>\$ 4,068,595</u>	<u>\$ 2,527,745</u>	<u>\$ 6,333,536</u>	<u>\$ 4,681,869</u>

Construction in progress consisted of costs associated with road construction projects, the water treatment plant, lift station, and storm water drainage.

See Note 4 to the financial statements for more information on the City's capital assets.

DEBT ADMINISTRATION

On June 30, 2011 the City had \$4,970,000 of general obligation debt outstanding. This is a decrease of \$1,710,000 from the prior year.

In addition the City drew \$2,053,739 on a possible \$5,989,000 state revolving loan fund for water system improvements. The total outstanding revolving loan at June 30, 2011 was \$3,400,681.

See Note 5 to the financial statements for more information on the City's long-term debt.

ECONOMIC FACTORS

The City of Sergeant Bluff continues to report slow yet steady residential and commercial property value growth, with residential property encompassing approximately 70% of the taxable property tax value and commercial/industrial uses encompassing the remaining 30% of the tax base. Per capita property value is over \$55,000, which represents a fairly strong number. The assessed property tax base has increased, on average, about 4.9% annually over the past 5 years, while property tax collections have increased 3.8% annually during the same time-frame.

This steady growth has allowed the City to maintain its high level of service at a reasonable property tax rate. The sales tax portion of the City's revenue base has also continued to remain steady during a time when other communities have struggled. The City has budgeted for use of the General Fund balance in past years, and has done so this year as well due to the large cash balance at the end of the 2010 fiscal year (cash balance was 45% of expenditures at that time). Efforts have been taken in current and future planning (fiscal years 2011 through 2014) to use excess capital in the General fund balance to fund one-time capital projects in a process to bring the General Fund closer to a 25% of expenditure level in future years. Fiscal Year 2011 ended with a 37% fund balance, which is in line with the long-term goal.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Sergeant Bluff's financial position for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Sergeant Bluff, Administration Office, Sergeant Bluff, Iowa.

CITY OF SERGEANT BLUFF, IOWA
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 729,166	\$ 575,898	\$ 1,305,064
Investments	505,325	2,883,075	3,388,400
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	457,962	457,962
Taxes	23,220	-	23,220
Subsequent Year Taxes	1,787,659	-	1,787,659
Estimated Unbilled Usage	-	111,360	111,360
Internal Balances	231,806	(231,806)	-
Due from Other Governmental Agencies	154,278	644,433	798,711
Inventories	-	256,506	256,506
Prepaid Assets	51,134	67,801	118,935
Bond Issue Costs	99,192	36,756	135,948
Land	393,109	283,410	676,519
Construction in Progress	-	6,062,675	6,062,675
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	11,990,599	8,362,408	20,353,007
Total Assets	15,965,488	19,510,478	35,475,966
LIABILITIES			
Accounts Payable	33,546	539,934	573,480
Accrued Wages and Related Taxes	27,476	8,571	36,047
Accrued Expenses	1,091	10,816	11,907
Accrued Interest Payable	9,257	2,861	12,118
Customer Deposits	-	44,928	44,928
Unearned Revenue	530	17,292	17,822
Deferred Revenue - Subsequent Year Taxes	1,787,659	-	1,787,659
Noncurrent Liabilities:			
Due within one year:			
Revenue Bonds Payable	-	140,000	140,000
General Obligation Bonds	366,497	298,503	665,000
Compensated Absences and Benefits	46,624	26,492	73,116
Due in more than one year:			
Revenue Bonds	-	3,260,681	3,260,681
General Obligation Bonds	3,089,778	1,215,222	4,305,000
Net OPEB Liability	6,906	-	6,906
Total Liabilities	5,369,364	5,565,300	10,934,664
NET ASSETS			
Invested in Capital Assets,			
Net of Related Debt	8,927,433	9,794,087	18,721,520
Restricted for:			
Debt Service	133,546	-	133,546
Specific Tax Levy Purposes	35,538	-	35,538
Local Option Sales Tax Purposes	157,677	-	157,677
Street Purposes	264,681	-	264,681
Fire Department Purposes	169,029	-	169,029
Unrestricted	908,220	4,151,091	5,059,311
Total Net Assets	\$ 10,596,124	\$ 13,945,178	\$ 24,541,302

See Accompanying Notes to Financial Statements

CITY OF SERGEANT BLUFF, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,317,221	\$ 124,860	\$ 56,752	\$ -
Public Works	874,347	37,309	346,047	264,773
Health and Social Services	10,200	-	-	-
Culture and Recreation	578,937	171,257	-	-
Community and Economic Development	65,797	-	28,719	-
General Government	566,878	21,969	-	-
Debt Service	141,510	-	-	-
Total governmental activities	<u>3,554,890</u>	<u>355,395</u>	<u>431,518</u>	<u>264,773</u>
Business-Type Activities:				
Electric Utility	2,442,785	2,473,566	-	-
Water Utility	672,637	709,348	-	1,785,000
Sewer Utility	665,773	723,566	-	-
Solid Waste Utility	276,482	276,367	-	-
Storm Water Utility	<u>80,358</u>	<u>80,350</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities:	<u>4,138,035</u>	<u>4,263,197</u>	<u>-</u>	<u>1,785,000</u>
Total Primary Government	<u>\$ 7,692,925</u>	<u>\$ 4,618,592</u>	<u>\$ 431,518</u>	<u>\$ 2,049,773</u>

General Revenues:

Property taxes, levied for general purposes
Property taxes, levied for tax increment financing debt
Property taxes, levied for employee benefits
Property taxes, levied for debt service
Local option sales tax
Hotel/Motel Taxes
Interest
Miscellaneous
Transfers
Total general revenues and transfers

Change in net assets

Net assets - beginning

Prior Period Adjustment
Net assets - beginning (as restated)

Net assets - ending

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (1,135,609)	\$ -	\$ (1,135,609)
(226,218)	-	(226,218)
(10,200)	-	(10,200)
(407,680)	-	(407,680)
(37,078)	-	(37,078)
(544,909)	-	(544,909)
(141,510)	-	(141,510)
(2,503,204)	-	(2,503,204)
-	30,781	30,781
-	1,821,711	1,821,711
-	57,793	57,793
-	(115)	(115)
-	(8)	(8)
-	1,910,162	1,910,162
(2,503,204)	1,910,162	(593,042)
1,031,917	-	1,031,917
114,309	-	114,309
241,097	-	241,097
346,035	-	346,035
372,605	-	372,605
17,300	-	17,300
63,921	5,902	69,823
27,428	2,421	29,849
(278,622)	278,622	-
1,935,990	286,945	2,222,935
(567,214)	2,197,107	1,629,893
10,211,889	12,699,520	22,911,409
951,449	(951,449)	-
11,163,338	11,748,071	22,911,409
\$ 10,596,124	\$ 13,945,178	\$ 24,541,302

See Accompanying Note to Financial Statements

CITY OF SERGEANT BLUFF, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2011

	General	Debt Service	Capital Projects
Assets			
Cash and Pooled Investments	\$ 53,357	\$ 139,515	\$ 16,794
Investments	505,325	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Taxes	7,135	3,288	-
Subsequent Year Taxes	1,053,743	329,074	-
Due from Other Funds	318,805	-	-
Due from Other Governmental Agencies	-	-	59,650
Prepaid Assets	11,013	-	-
Total Assets	<u>1,949,378</u>	<u>471,877</u>	<u>76,444</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	33,546	-	-
Accrued Wages	27,476	-	-
Accrued Expenses	1,091	-	-
Due to Other Funds	-	-	86,999
Unearned Revenue	530	-	-
Deferred Revenue - Subsequent Year Taxes	1,053,743	329,074	-
Total Liabilities	<u>1,116,386</u>	<u>329,074</u>	<u>86,999</u>
Fund Balances:			
Nonspendable:			
Prepaid Items	11,013	-	-
Restricted for:			
Debt Service	-	142,803	-
Local Option Sales Tax Purposes	-	-	-
Street Purposes	-	-	-
Specific Tax Levy Purposes	-	-	-
Fire Department Purposes	-	-	-
Unassigned	821,979	-	(10,555)
Total Fund Balances	<u>832,992</u>	<u>142,803</u>	<u>(10,555)</u>
Total Liabilities and Equity	<u>\$ 1,949,378</u>	<u>\$ 471,877</u>	<u>\$ 76,444</u>

See Accompanying Notes to Financial Statements

Other Governmental Funds		Total Governmental Funds	
\$	519,500	\$	729,166
	-		505,325
	12,797		23,220
	404,842		1,787,659
	-		318,805
	94,628		154,278
	-		11,013
	1,031,767		3,529,466
	-		33,546
	-		27,476
	-		1,091
	-		86,999
	-		530
	404,842		1,787,659
	404,842		1,937,301
	-		11,013
	-		142,803
	157,677		157,677
	264,681		264,681
	35,538		35,538
	169,029		169,029
	-		811,424
	626,925		1,592,165
\$	1,031,767	\$	3,529,466

See Accompanying Notes to Financial Statements

CITY OF SERGEANT BLUFF, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2011

Total Fund Balance - Governmental Funds (page 17) \$ 1,592,165

Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds 12,383,708

Accrued expenses from the balance sheet that require current financial resources for governmental activities (9,257)

Bond issue costs are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources 99,192

Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources 40,121

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	\$ (46,624)	
General Obligations Bonds	(3,456,275)	
Net OPEB Liability	<u>(6,906)</u>	(3,509,805)

Total Net Assets - Governmental Activities (page 13) \$ 10,596,124

CITY OF SERGEANT BLUFF, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects
Revenue:			
Taxes	\$ 1,031,917	\$ 346,035	\$ -
Tax increment financing	-	-	-
Other city taxes	17,300	-	-
Special Assessments	-	-	6,519
Licenses and Permits	22,477	-	-
Intergovernmental Revenue	54,295	-	247,028
Charges for Services	143,974	-	-
Fines and Forfeits	27,468	-	-
Contributions	28,719	-	-
Refunds/Reimbursements	30,790	-	-
Rental Income	53,472	-	-
Interest	63,541	-	-
Miscellaneous	29,446	-	2,692
Total Revenue	<u>1,503,399</u>	<u>346,035</u>	<u>256,239</u>
Expenditures:			
Public Safety	1,063,291	-	-
Public Works	358,414	-	-
Health and Social Services	10,200	-	-
Culture and Recreation	554,559	-	-
Community and Economic Development	65,496	-	-
General Government	552,778	-	-
Capital Projects	-	-	894,030
Debt Service	-	863,623	-
Total Expenditures	<u>2,604,738</u>	<u>863,623</u>	<u>894,030</u>
Excess (deficiency) of revenues over expenditures	<u>(1,101,339)</u>	<u>(517,588)</u>	<u>(637,791)</u>
Other financing sources (uses):			
Transfers In	1,134,082	106,382	935,633
Transfers Out	(336,397)	(279,504)	-
Total other financing sources (uses)	<u>797,685</u>	<u>(173,122)</u>	<u>935,633</u>
Net Change in Fund Balance	(303,654)	(690,710)	297,842
Fund balances (deficits) - beginning of year	1,136,646	833,513	(344,144)
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>35,747</u>
Fund balances (deficits) - beginning of year, as restated	<u>1,136,646</u>	<u>833,513</u>	<u>(308,397)</u>
Fund balances (deficits) - end of year	<u>\$ 832,992</u>	<u>\$ 142,803</u>	<u>\$ (10,555)</u>

See Accompanying Notes to Financial Statements

Other Governmental Funds		Total Governmental Funds	
\$	241,097	\$	1,619,049
	114,309		114,309
	372,605		389,905
	-		6,519
	-		22,477
	358,984		660,307
	66,594		210,568
	-		27,468
	7,264		35,983
	-		30,790
	-		53,472
	380		63,921
	4,161		36,299
	<u>1,165,394</u>		<u>3,271,067</u>
	40,200		1,103,491
	-		358,414
	-		10,200
	-		554,559
	-		65,496
	-		552,778
	-		894,030
	-		863,623
	<u>40,200</u>		<u>4,402,591</u>
	<u>1,125,194</u>		<u>(1,131,524)</u>
	-		2,176,097
	<u>(1,838,818)</u>		<u>(2,454,719)</u>
	<u>(1,838,818)</u>		<u>(278,622)</u>
	(713,624)		(1,410,146)
	1,376,296		3,002,311
	<u>(35,747)</u>		<u>-</u>
	<u>1,340,549</u>		<u>3,002,311</u>
\$	<u>626,925</u>	\$	<u>1,592,165</u>

See Accompanying Notes to Financial Statements

CITY OF SERGEANT BLUFF, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds (page 20) \$ (1,410,146)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 1,066,275	
Depreciation expense	<u>(754,246)</u>	312,029

Governmental funds report the proceeds from the sale of fixed assets as revenue whereas the statement of activities reports the gain on the sale of fixed assets. This is the effect on the change in net assets on the statement of activities. (191,222)

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources 10,851

Accrued interest payable that does not require current financial resources 4,324

Long-term accrual of compensated absences is not reported in the governmental funds as it does not consume current financial resources. The net change in in the long-term compensated absences for the year was: (7,386)

Long-term accrual of other post employment benefits liability in the governmental funds as it does not consume current financial resources. (3,453)

The effect of bond issuance costs when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities (10,614)

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was: 728,403

Change in net assets of governmental activities (page 15) \$ (567,214)

CITY OF SERGEANT BLUFF, IOWA
COMBINING STATEMENT OF NET ASSETS
Proprietary Funds
JUNE 30, 2011

	Business Type Activities	
	Electric Utility	Water Utility
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 266,835	\$ -
Investments	2,375,000	496,729
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	244,143	70,211
Estimated Unbilled Usage	67,583	17,275
Advances to Other Funds	866,667	-
Due from Other Funds	282,012	126,536
Due from Other Governmental Agencies	-	644,433
Inventories	254,519	1,987
Prepaid Assets	21,551	25,074
Total current assets	<u>4,378,310</u>	<u>1,382,245</u>
Non-current assets:		
Bond Issue Costs	-	-
Land	-	231,820
Construction in Progress	34,892	5,455,796
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>900,607</u>	<u>3,104,768</u>
Total non-current assets	<u>935,499</u>	<u>8,792,384</u>
Total Assets	<u>5,313,809</u>	<u>10,174,629</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	216,487	262,693
Customer Deposits	38,608	6,320
Accrued Wages	4,311	2,100
Accrued Expenses	6,033	4,173
Accrued Compensated Absences	13,609	6,441
Accrued Interest Payable	-	1,370
Due to Other Funds	-	562,203
Unearned Revenue	-	17,292
Advance from Other Funds	-	-
Revenue Bonds Payable	-	140,000
General Obligation Bonds Payable	-	143,503
Total current liabilities	<u>279,048</u>	<u>1,146,095</u>
Noncurrent Liabilities:		
Revenue Bonds	-	3,260,681
General Obligation Bonds	-	472,222
Total non-current liabilities	<u>-</u>	<u>3,732,903</u>
Total Liabilities	<u>279,048</u>	<u>4,878,998</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	935,499	4,775,978
Unrestricted	4,099,262	519,653
Total Net Assets	<u>\$ 5,034,761</u>	<u>\$ 5,295,631</u>

See Accompanying Notes to Financial Statements

Business Type Activities		
Sewer Utility	Nonmajor Enterprise Funds	Total
\$ 176,277	\$ 132,786	\$ 575,898
11,346	-	2,883,075
99,604	44,004	457,962
17,866	8,636	111,360
-	-	866,667
-	-	408,548
-	-	644,433
-	-	256,506
21,176	-	67,801
326,269	185,426	6,272,250
36,756	-	36,756
51,590	-	283,410
73,878	498,109	6,062,675
4,231,566	125,467	8,362,408
4,393,790	623,576	14,745,249
4,720,059	809,002	21,017,499
33,314	27,440	539,934
-	-	44,928
1,632	528	8,571
610	-	10,816
5,571	871	26,492
1,491	-	2,861
73,878	4,273	640,354
-	-	17,292
866,667	-	866,667
-	-	140,000
155,000	-	298,503
1,138,163	33,112	2,596,418
-	-	3,260,681
743,000	-	1,215,222
743,000	-	4,475,903
1,881,163	33,112	7,072,321
3,459,034	623,576	9,794,087
(620,138)	152,314	4,151,091
\$ 2,838,896	\$ 775,890	\$ 13,945,178

See Accompanying Notes to Financial Statements

CITY OF SERGEANT BLUFF, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Proprietary Funds
For the Year Ended June 30, 2011

	Business Type Activities	
	Electric Utility	Water Utility
Operating Revenues:		
Charges for Services	\$ 2,473,566	\$ 709,348
Total Operating Revenue	<u>2,473,566</u>	<u>709,348</u>
Operating Expenses:		
Cost of Service	2,318,266	439,275
Depreciation	83,831	78,501
Amortization	-	1,559
Total Operating Expenses	<u>2,402,097</u>	<u>519,335</u>
Operating Income	71,469	190,013
Non-Operating Income (Expense):		
Interest Income	5,563	201
(Loss) on Sale of Assets	(40,688)	(67,739)
Other Non-operating Revenues	2,177	15
Interest Expense	-	(85,563)
Total Non-Operating Income (Expenses)	<u>(32,948)</u>	<u>(153,086)</u>
Income before Transfers and Contributions	38,521	36,927
Capital Grant	-	1,785,000
Transfers In	-	145,019
Transfers Out	<u>(300,000)</u>	<u>(33,000)</u>
Change in Net Assets	(261,479)	1,933,946
Net Assets - Beginning	5,296,240	4,102,007
Prior Period Adjustment	<u>-</u>	<u>(740,322)</u>
Net Assets - Beginning (As Restated)	<u>5,296,240</u>	<u>3,361,685</u>
Net Assets - Ending	<u>\$ 5,034,761</u>	<u>\$ 5,295,631</u>

See Accompanying Notes to Financial Statements

Business Type Activities		
Sewer Utility	Nonmajor Enterprise Funds	Total
<u>\$ 723,566</u>	<u>\$ 356,717</u>	<u>\$ 4,263,197</u>
723,566	356,717	4,263,197
455,620	345,007	3,558,168
136,308	4,414	303,054
2,227	-	3,786
<u>594,155</u>	<u>349,421</u>	<u>3,865,008</u>
129,411	7,296	398,189
138	-	5,902
(30,787)	(7,419)	(146,633)
-	229	2,421
<u>(40,831)</u>	<u>-</u>	<u>(126,394)</u>
<u>(71,480)</u>	<u>(7,190)</u>	<u>(264,704)</u>
57,931	106	133,485
-	-	1,785,000
134,485	374,000	653,504
<u>(37,800)</u>	<u>(4,082)</u>	<u>(374,882)</u>
154,616	370,024	2,197,107
2,895,407	405,866	12,699,520
<u>(211,127)</u>	<u>-</u>	<u>(951,449)</u>
<u>2,684,280</u>	<u>405,866</u>	<u>11,748,071</u>
<u>\$ 2,838,896</u>	<u>\$ 775,890</u>	<u>\$ 13,945,178</u>

See Accompanying Notes to Financial Statements

CITY OF SERGEANT BLUFF, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2011

	Business Type Activities	
	Electric Utility	Water Utility
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 2,498,816	\$ 716,328
Cash Paid to Suppliers for Goods and Services	(1,965,730)	(450,568)
Cash Paid to Employees for Services	(356,027)	(139,293)
Other Receipts	2,177	15
Net Cash Provided by Operating Activities	<u>179,236</u>	<u>126,482</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	-	(3,319,551)
Proceeds from Grant		1,785,000
Proceeds from SRF Loan	-	1,409,306
Principal Paid on Notes and Bonds	-	(124,597)
Interest & Bond Costs Paid	-	(84,193)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(334,035)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Operating Transfers to Other Funds	(300,000)	(33,000)
Operating Transfers from Other Funds	-	145,019
Advance (to) from Other Funds	66,666	-
Due to Other Funds	-	124,890
Due from Other Funds	(282,012)	(104,434)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(515,346)</u>	<u>132,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investment Securities	-	(201)
Proceeds from Sale of Investment Securities	17,089	-
Interest and Dividends on Investments	5,563	201
Net Cash Provided from Investing Activities	<u>22,652</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(313,458)	(75,078)
Cash and Cash Equivalents at Beginning of Year	<u>580,293</u>	<u>75,078</u>
Cash and Cash Equivalents at End of Year	<u>\$ 266,835</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

Business Type Activities		
Sewer Utility	Nonmajor Enterprise Utilities	Total
\$ 704,003	\$ 355,226	\$ 4,274,373
(343,305)	(299,992)	(3,059,595)
(108,365)	(36,076)	(639,761)
-	229	2,421
<u>252,333</u>	<u>19,387</u>	<u>577,438</u>
(157,299)	(500,554)	(3,977,404)
-	-	1,785,000
-	-	1,409,306
(857,000)	-	(981,597)
(43,434)	-	(127,627)
<u>(1,057,733)</u>	<u>(500,554)</u>	<u>(1,892,322)</u>
-	(4,082)	(337,082)
96,685	374,000	615,704
(66,666)	-	-
(60,607)	(2,227)	62,056
145,635	-	(240,811)
<u>115,047</u>	<u>367,691</u>	<u>99,867</u>
(138)	-	(339)
710,851	-	727,940
138	-	5,902
<u>710,851</u>	<u>-</u>	<u>733,503</u>
20,498	(113,476)	(481,514)
<u>155,779</u>	<u>246,262</u>	<u>1,057,412</u>
<u>\$ 176,277</u>	<u>\$ 132,786</u>	<u>\$ 575,898</u>

See Accompanying Notes to Financial Statements

CITY OF SERGEANT BLUFF, IOWA
COMBINING STATEMENT OF CASH FLOWS - (Continued)
Proprietary Funds
For the Year Ended June 30, 2011

	Business Type Activities	
	Electric Utility	Water Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	\$ 71,469	\$ 190,013
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	83,831	78,501
Amortization	-	1,559
Miscellaneous Non-Operating Income	2,177	15
(Increase) Decrease in Assets:		
Accounts Receivable	19,636	(7,947)
Estimated Unbilled Usage	(3,141)	(352)
Prepays	(6,332)	(9,855)
Inventories	(31,275)	(124)
Increase (Decrease) in Liabilities		
Accounts Payable	23,432	(144,176)
Accrued Wages and Compensated Absences	6,449	1,462
Accrued Expenses	4,235	2,107
Unearned Revenue	-	17,292
Customer Deposits	8,755	(2,013)
Total Adjustments	107,767	(63,531)
Net Cash Provided (Used) by Operating Activities	179,236	126,482

See Accompanying Notes to Financial Statements

Business Type Activities		
Sewer Utility	Nonmajor Enterprise Utilities	Total
<u>\$ 129,411</u>	<u>\$ 7,296</u>	<u>\$ 398,189</u>
136,308	4,414	303,054
2,227	-	3,786
-	229	2,421
(17,222)	(649)	(6,182)
(2,341)	(842)	(6,676)
(6,335)	-	(22,522)
-	-	(31,399)
8,752	8,653	(103,339)
1,186	286	9,383
347	-	6,689
-	-	17,292
-	-	6,742
<u>122,922</u>	<u>12,091</u>	<u>179,249</u>
<u>252,333</u>	<u>19,387</u>	<u>577,438</u>

See Accompanying Notes to Financial Statements

CITY OF SERGEANT BLUFF, IOWA
STATEMENT OF FIDUCIARY NET ASSETS
Agency Fund
JUNE 30, 2011

ASSETS

Cash and Pooled Investments	\$ 6,851
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LIABILITIES

Accounts Payable	6,851
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NET ASSETS

Unrestricted	-
Total Net Assets	\$ -

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sergeant Bluff, Iowa, is a political subdivision of the State of Iowa located in Woodbury County, and was incorporated in 1854, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Mayor-Council form of government elected on a nonpartisan basis with an appointed administrator and administers the following programs as authorized by its charter: public safety, public works, culture and recreation, community and economic development, human development, general government, capital projects and debt service. The City also has municipal electric, water, sewer, solid waste and storm water utility systems which are governed by the City Council.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board. The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The City applies only the applicable FASB pronouncements issued prior to November 30, 1989 in accounting and reporting its proprietary operations. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. REPORTING ENTITY

For financial reporting purposes, the City of Sergeant Bluff, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. The City has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards or Commissions: Woodbury County Solid Waste Agency Board, Woodbury County E-911 Services Board and Woodbury County Conference Board.

B. BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues,

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The City's general, special revenue, debt service, and capital projects funds are classified as governmental activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Statement of Net Assets presents the City's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories.

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year activities.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

The City reports the following major governmental funds:

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Debt Service Fund – Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, principal, interest, and related costs.
- 3) Capital Project Funds – The Capital Project Fund is used to account for the construction of major capital improvements and infrastructure financed by transfer from other funds and bond issues.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Electric Fund is used to account for the operation and maintenance of the City's electrical system.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's Agency Fund is used to account for a medical flexible spending account for employees.

D. Measurement Focus and Basis of Accounting

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end with the exception of expenditure driven grants for which a one-year availability period is used.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, disbursements did not exceed the amounts budgeted in any service function.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) Cash and Cash Equivalents

Includes investments with original maturities of three months or less.

2) Investments

Consist of certificates of deposit with original maturities of more than three months and perfected repurchase agreement. The City reports certificates of deposit and perfected repurchase agreements at cost.

3) Restricted Investments

Consist of state and local government securities that are held in an escrow account for future refunding of outstanding general obligation bonds. The City reports the SLG securities at cost.

G. Property Tax Receivable

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2010. Any county collections on the 2010-2011 tax levy remitted to the City within 60 days subsequent to June 30, 2011, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2011, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

All inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased and are immaterial and not recorded on the current financial statements.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid items.

K. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed assets are reported at their fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings	20 – 50 Years
Utility Plant	30 – 33 Years
Land Improvements	20 – 50 Years
Machinery & Equipment	5 - 20 Years
Infrastructure	20 – 100 Years

L. Compensated Absences

The City accrues accumulated unpaid vacation costs and related employee benefits when earned (or estimated to be earned) by the employee. The amount estimated to be used in subsequent fiscal years for governmental funds is reported only as a general liability in the government-wide statement of net assets and represents a reconciling item between the fund and government-wide presentations. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

M. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

N. Fund Equity

Fund equity in the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in other spendable classifications.

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

P. Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2011, were entirely covered by federal depository insurance or by the state sinking fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. There were no differences in investments held during the year from those at June 30, 2011.

At June 30, 2011 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

	<u>Fair Value</u>
Certificates of deposits	\$ 38,400
Repurchase agreements	<u>3,350,000</u>
	<u>\$ 3,388,400</u>

The City's \$3,350,000 investment in repurchase agreements is held in the name of the City and

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

underlying securities (totaling \$4,285,000) are held by an authorized custodian of the City.

Interest Rate Risk: The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City. The City manages its exposure to declines in the fair value of its investments by limiting maturities to less than one year.

The City's investments consist of certificates of deposits and repurchase agreements with the latest maturity extending to April 12, 2013.

Credit Risk: The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Custodial Risk: This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in possession of the outside party. Of the City's investments at June 30, 2011, the City has limited custodial credit risk exposure because all investments of the City must be held for the credit of the City in compliance with Iowa Code Chapter 12B. The counterparty must keep the securities in an account separate and apart from its own.

Note 3 - DUE FROM OTHER GOVERNMENTS

At June 30, 2011, amounts due from other governments were as follows:

Due from Iowa Finance Authority	\$ 644,433
Due from the Iowa Department of Transportation for grant funding	59,650
Due from the State of Iowa for local option sales taxes	61,780
Due from the Iowa Department of Transportation for road use tax allocations	32,848
Total Due from Other Governments	<u>\$ 798,711</u>

As of June 30, 2011, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Proprietary – Sewer	\$ 38,614
General	Proprietary – Water	280,191
Proprietary – Electric	Proprietary – Water	282,012
Proprietary – Water	Capital Projects	86,999
Proprietary – Water	Proprietary – Storm Water	4,273
Proprietary – Water	Proprietary – Sewer	35,264
		<u>\$ 727,353</u>

These internal balances represent amounts due from/due to other funds to cover deficit cash balances.

As of June 30, 2011, long-term advances were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Proprietary – Electric	Proprietary – Sewer	\$ 866,667

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 4 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 393,609	\$ -	\$ 500	\$ 393,109
Construction in Progress	312,998	885,668	1,198,666	-
Total capital assets not being depreciated	706,607	885,668	1,199,166	393,109
Capital assets being depreciated:				
Buildings and Improvements	1,980,927	898,765	20,327	2,859,365
Equipment	3,395,096	149,317	506,896	3,037,517
Land Improvements	1,843,204	-	2,624	1,840,580
Infrastructure	14,002,058	331,191	16,832	14,316,417
Total capital assets being depreciated	21,221,285	1,379,273	546,679	22,053,879
Less: Accumulated Depreciation for:				
Buildings and Improvements	434,882	47,307	6,848	475,341
Equipment	2,024,286	237,379	339,402	1,922,263
Land Improvements	180,017	75,815	161	255,671
Infrastructure	7,025,806	393,745	9,546	7,410,005
Total Accumulated Depreciation	9,664,991	754,246	355,957	10,063,280
Total capital assets being depreciated, net	11,556,294	625,027	190,722	11,990,599
Governmental activities capital assets, net	\$ 12,262,901	\$ 1,510,695	\$ 1,389,888	\$ 12,383,708

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 4 - CAPITAL ASSETS (CONTINUED)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 283,410	\$ -	\$ -	\$ 283,410
Construction in Progress	2,189,610	3,964,256	91,191	6,062,675
Total capital assets not being depreciated	2,473,020	3,964,256	91,191	6,346,085
Capital assets being depreciated:				
Buildings and Improvements	1,249,700	-	10,479	1,239,221
Equipment	1,070,456	30,444	259,634	841,266
Distribution System	8,922,694	73,895	34,382	8,962,207
Total capital assets being depreciated	11,242,850	104,339	304,495	11,042,694
Less: Accumulated Depreciation				
Buildings and Improvements	202,796	31,310	2,290	231,816
Equipment	467,413	90,400	148,341	409,472
Distribution System	1,864,885	181,344	7,231	2,038,998
Total Accumulated Depreciation	2,535,094	303,054	157,862	2,680,286
Total capital assets being depreciated, net	8,707,756	(198,715)	146,633	8,362,408
Business-type activities capital assets, net	\$ 11,180,776	\$ 3,765,541	\$ 237,824	\$ 14,708,493

Construction in progress at June 30, 2011, for the business-type activities consisted of costs associated with the Water Treatment Plant project, electric crosswalks project, storm water drainage projects, and sewer lift station removal project.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Public Safety	\$ 229,799
Public Works	490,766
Culture and Recreation	33,380
Community and Economic Development	301
Total depreciation expense – governmental activities	<u>\$ 754,246</u>
Business-Type Activities:	
Water	\$ 78,501
Sewer	136,308
Electric	83,831
Storm Water	4,413
Solid Waste	1
Total depreciation expense – business-type activities	<u>\$ 303,054</u>

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 4 - CAPITAL ASSETS (CONTINUED)

Reconciliation of Invested in Capital Assets:

	Governmental Activities	Business-type Activities
Land	\$ 393,109	\$ 283,410
Construction in Progress	-	6,062,675
Capital Assets (net of accumulated depreciation)	11,990,599	8,362,408
Less: General Obligation Bonds Payable	3,456,275	1,513,725
Revenue Bonds	-	3,400,681
Invested in Capital Assets, Net of Related Debt	<u>\$ 8,927,433</u>	<u>\$ 9,794,087</u>

Note 5 - LONG-TERM LIABILITIES

The City's computed legal debt limit as of June 30, 2011, is \$11,168,634 of which \$4,970,000 is committed for outstanding general obligation debt.

The following is a summary of bond transactions of the City for the year ended June 30, 2011:

	Governmental Activities	Business Type Activities	
	General Obligation		
	Bonds and Notes Paid By Debt Service Fund	Bonds Paid By Enterprise Funds	Total
<i>Primary Government:</i>			
Bonds payable July 1, 2010	\$ 4,184,678	\$ 2,495,322	\$ 6,680,000
Plus: Issued	-	-	-
Less: Payments	728,403	981,597	1,710,000
Bonds Payable June 30, 2011	<u>\$ 3,456,275</u>	<u>\$ 1,513,725</u>	<u>\$ 4,970,000</u>
Due within one year	<u>\$ 366,497</u>	<u>\$ 298,503</u>	<u>\$ 665,000</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for the governmental-type activities and the business-type activities.

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 5 - LONG-TERM LIABILITIES (CONTINUED)

General obligation bonds outstanding as of June 30, 2011 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2011	Due Within One Year
General Obligation:							
Corporate Purpose	2008	3.0-45%	2027	\$ 30,000-\$185,000	\$ 1,170,000	\$ 1,110,000	\$ 35,000
Corporate Purpose and Sewer Refunding	2009	3.75-4.1%	2020	\$145,000-\$365,000	2,715,000	2,385,000	345,000
Corporate Purpose	2010	1.25-3.00%	2017	\$ 75,000-\$300,000	1,550,000	1,475,000	285,000
Total General Obligation					\$ 5,435,000	\$ 4,970,000	\$ 665,000

Year Ending June 30	Business Type			Governmental			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 298,503	\$ 67,637	\$ 366,140	\$ 366,497	\$ 77,781	\$ 444,278	\$ 665,000	\$ 145,418	\$810,418
2013	297,955	54,529	352,484	372,045	78,686	450,731	670,000	133,215	803,215
2014	310,407	41,123	351,530	374,593	77,725	452,318	685,000	118,848	803,848
2015	326,860	26,875	353,735	373,140	74,623	447,763	700,000	101,498	801,498
2016	150,000	11,530	161,530	320,000	71,061	391,061	470,000	82,591	552,591
2017	130,000	5,330	135,330	300,000	63,023	363,023	430,000	68,353	498,353
2018	-	-	-	315,000	54,002	369,002	315,000	54,002	369,002
2019	-	-	-	325,000	42,177	367,177	325,000	42,177	367,177
2020	-	-	-	345,000	29,502	374,502	345,000	29,502	374,502
2021	-	-	-	45,000	15,703	60,703	45,000	15,703	60,703
2022	-	-	-	50,000	13,858	63,858	50,000	13,858	63,858
2023	-	-	-	50,000	11,757	61,757	50,000	11,757	61,757
2024	-	-	-	50,000	9,633	59,633	50,000	9,633	59,633
2025	-	-	-	55,000	7,482	62,482	55,000	7,482	62,482
2026	-	-	-	55,000	5,090	60,090	55,000	5,090	60,090
2027	-	-	-	60,000	2,670	62,670	60,000	2,670	62,670
Total	\$1,513,725	\$ 207,024	\$1,720,749	\$3,456,275	\$ 634,773	\$4,091,048	\$4,970,000	\$ 841,797	\$5,811,797

Revenue Bonds

Details of Revenue Bonds outstanding at June 30, 2011 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Originally Issued	Outstanding June 30, 2011	Due Within One Year
SRF Water Revenue Bond 2010A	01/2010	3%	06/2031	Unknown	\$3,400,681	\$ 3,400,681	\$ 140,000

The revenue bonds have not been fully drawn down as of June 30, 2011. Therefore, the annual debt service requirements could not be determined. The bonds are expected to be fully drawn down by December 2011.

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 5 - LONG-TERM LIABILITIES (CONTINUED)

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable					
General Obligation	\$ 4,184,678	\$ -	\$ 728,403	\$ 3,456,275	\$ 366,497
Compensated Absences	39,238	46,624	39,238	46,624	46,624
Other Post Employment Benefits	3,453	3,453	-	6,906	-
Governmental Activity Long-Term Liabilities	<u>4,227,369</u>	<u>50,077</u>	<u>767,641</u>	<u>3,509,805</u>	<u>413,121</u>
Business-Type Activities					
Bonds Payable:					
General Obligation	2,495,322	-	981,597	1,513,725	298,503
Revenue Bonds	1,346,942	2,053,739	-	3,400,681	140,000
Compensated Absences	21,101	26,492	21,101	26,492	26,492
Business-Type Activity Long-Term Liabilities	<u>\$ 3,863,365</u>	<u>\$2,080,231</u>	<u>\$ 1,002,698</u>	<u>\$ 4,940,898</u>	<u>\$ 464,995</u>

Note 6 - TRANSFERS

The following is a summary of transfers between funds:

	General	Debt Service	Capital Projects	Water	Sewer	Nonmajor Enterprise	Total Transfers Out
General	\$ -	\$ -	\$162,397	\$ -	\$ -	\$ 174,000	\$ 336,397
Debt Service	-	-	-	145,019	134,485	200,000	279,504
Nonmajor							
Governmental	809,200	106,382	723,236	-	-	-	1,838,818
Water	33,000	-	-	-	-	-	33,000
Sewer	37,800	-	-	-	-	-	37,800
Electric	250,000	-	50,000	-	-	-	300,000
Nonmajor Enterprise	4,082	-	-	-	-	-	4,082
Total Transfers In	<u>\$1,134,082</u>	<u>\$ 106,382</u>	<u>\$ 935,633</u>	<u>\$ 145,019</u>	<u>\$134,485</u>	<u>\$ 374,000</u>	<u>\$2,829,601</u>

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. To move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due.

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 7 – RETIREMENT

Iowa Public Employees Retirement System - The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 4.5% of their annual covered salary and the City is required to contribute 6.95% of annual covered salary. Law enforcement employees are covered by another plan. Contribution requirements are established by state statute. The City contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$100,281, \$95,992, and \$75,196, respectively, equal to the required contributions for each year.

Note 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits. All coverage ceases when the retiree attains 65 or becomes eligible for Medicare except for COBRA continuation if elected.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the City's net OPEB obligation:

Annual required contribution	\$ 3,453
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>3,453</u>
Contributions made	<u>-</u>
Increase in net OPEB obligation	3,453
Net OPEB obligation beginning of year	3,453
Net OPEB obligation end of year	<u><u>\$ 6,906</u></u>

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2010 and 2011 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	\$ 3,453	0%	\$ 3,453
June 30, 2011	\$ 3,453	0%	\$ 6,906

Funded Status and Funding Progress - As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$16,092, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$16,092. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$1,180,879 and the ratio of the UAAL to covered payroll was 1.3%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of July 1, 2010 actuarial valuation date, the alternative measurement method was used. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the 2004 United States Life Tables. At that time continued participation was assumed to be 10%.

Projected claim costs of the medical plan are \$11,031 annually for retirees less than age 65. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 9 - DEFICIT FUND EQUITY

The City has one fund with a deficit equity balance at June 30, 2011. The City intends to finance this deficit from various resources including general funds and capital project debt financing.

The individual fund deficit was as follows:

Capital Projects	\$ 10,555
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Note 10 - RISK MANAGEMENT

The City of Sergeant Bluff is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductible and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 11 - COMMITMENTS

During the year ended June 30, 2011, and in previous years the City had entered into several construction contracts totaling approximately \$5,786,000 of which approximately \$5,474,000 has been expended to date. The remaining balance will be paid as work progresses.

Note 12 - INDUSTRIAL DEVELOPMENT REVENUE BONDS

The City has issued a total of \$9,100,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City. The outstanding balance as of June 30, 2011 was not determinable.

Note 13 - COMMUNITY ECONOMIC BETTERMENT (CEBA) LOAN

On December 15, 1998, the City received \$175,000 from the Iowa Department of Economic Development under a CEBA loan agreement. The City subsequently loaned \$175,000 to a private business. No interest or principal payments are required during the first and second years. At the project completion date, \$1,250 will be forgiven for each new job created and the balance remaining will be amortized over the remaining three years in equal annual payments with 6 percent per annum interest. The City's liability for repayment of this loan is limited to those amounts the City collects through its good faith enforcement of security interest with the business; therefore, the liability for this loan is not included in the Government-Wide Financial Statements.

CITY OF SERGEANT BLUFF, IOWA
Notes to Financial Statements
June 30, 2011

Note 14 – PRIOR PERIOD ADJUSTMENT

At June 30, 2010 outstanding general obligation debt was incorrectly reported as governmental activity debt when in fact the debt should have been recorded in the water and sewer funds. The effect of this prior period adjustment was to increase the net assets of the governmental type activities by \$951,449 and reduce the water fund net assets by \$740,322 and the sewer fund net assets by \$211,127.

At June 30, 2011, \$35,747 of revenue was recorded in the wrong fund. The effect of this prior period adjustment was to increase the fund balance of the capital project fund by \$35,747 and decrease the fund balance in the I-Jobs fund by \$35,747.

Note 15 - SUBSEQUENT EVENT

In September, 2011 the City approved the issuance of General Obligation Sewer Improvement Bonds, Series 2011, in the principal amount of \$2,040,000. Proceeds of the bonds are to be used to finance the construction of sanitary sewer improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SERGEANT BLUFF, IOWA

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES

BUDGET AND ACTUAL (CASH BASIS)- GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2011

	Actual Amounts			Budgeted Amounts		Variance With Final Budget Positive (Negative)
	Governmental Funds	Proprietary Funds	Total Actual	Original	Final	
Revenue:						
Property Taxes	\$ 1,620,096	\$ -	\$ 1,620,096	\$ 1,604,151	\$ 1,604,151	\$ 15,945
Tax increment financing	106,414	-	106,414	115,562	115,562	(9,148)
Other city tax	388,702	-	388,702	408,434	408,434	(19,732)
Special Assessments	6,519	-	6,519	-	-	6,519
Licenses and permits	22,477	-	22,477	19,550	19,550	2,927
Intergovernmental revenue	669,074	1,785,000	2,454,074	1,931,805	1,931,805	522,269
Charges for services	210,568	4,274,373	4,484,941	5,030,208	5,030,208	(545,267)
Fines and Forfeits	27,468	-	27,468	-	-	27,468
Contributions	35,983	-	35,983	-	-	35,983
Refunds/Reimbursements	30,790	-	30,790	-	-	30,790
Use of money and property	53,472	-	53,472	68,000	68,000	(14,528)
Interest	63,921	5,902	69,823	-	-	69,823
Miscellaneous	25,286	2,421	27,707	54,900	54,900	(27,193)
Total Revenue	<u>3,260,770</u>	<u>6,067,696</u>	<u>9,328,466</u>	<u>9,232,610</u>	<u>9,232,610</u>	<u>95,856</u>
Expenditures:						
Public safety	1,103,491	-	1,103,491	1,199,150	1,259,150	155,659
Public works	358,414	-	358,414	512,000	512,000	153,586
Health and Social Services	10,200	-	10,200	9,600	10,600	400
Culture and recreation	554,559	-	554,559	602,544	602,544	47,985
Community and economic development	65,496	-	65,496	57,750	77,750	12,254
General government	541,597	-	541,597	544,100	568,100	26,503
Capital projects	976,360	-	976,360	8,346,100	1,346,100	369,740
Debt service	863,623	-	863,623	806,800	1,256,800	393,177
Business type activities	-	8,785,984	8,785,984	4,187,338	10,632,338	1,846,354
Total Expenditures	<u>4,473,740</u>	<u>8,785,984</u>	<u>13,259,724</u>	<u>16,265,382</u>	<u>16,265,382</u>	<u>3,005,658</u>
Excess (deficiency) of revenues over expenditures	<u>(1,212,970)</u>	<u>(2,718,288)</u>	<u>(3,931,258)</u>	<u>(7,032,772)</u>	<u>(7,032,772)</u>	<u>3,101,514</u>
Other financing sources (uses):						
Proceeds from issuance of debt	-	1,409,306	1,409,306	6,006,600	6,006,600	(4,597,294)
Interfund Transfers In	2,176,097	615,704	2,791,801	3,342,857	3,342,857	(551,056)
Interfund Transfers Out	(2,454,719)	(337,082)	(2,791,801)	(3,342,857)	(3,342,857)	551,056
Total other financing sources (uses)	<u>(278,622)</u>	<u>1,687,928</u>	<u>1,409,306</u>	<u>6,006,600</u>	<u>6,006,600</u>	<u>(4,597,294)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(1,491,592)</u>	<u>(1,030,360)</u>	<u>(2,521,952)</u>	<u>\$ (1,026,172)</u>	<u>\$ (1,026,172)</u>	<u>\$ (1,495,780)</u>
Fund balances-beginning of year	<u>2,957,889</u>	<u>4,257,527</u>	<u>7,215,416</u>			
Fund balances- end of year	<u>\$ 1,466,297</u>	<u>\$ 3,227,167</u>	<u>\$ 4,693,464</u>			

CITY OF SERGEANT BLUFF, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTAL INFORMATION
For the Year Ended June 30, 2011

	Governmental Funds			Proprietary Funds Enterprise		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 3,260,770	\$ 10,297	\$ 3,271,067	\$ 6,067,696	\$ (1,796,176)	4,271,520
Expenditures/expenses	4,473,740	(71,149)	4,402,591	8,785,984	(4,647,949)	4,138,035
Net	(1,212,970)	81,446	(1,131,524)	(2,718,288)	2,851,773	133,485
Other financing sources, net	(278,622)	-	(278,622)	1,687,928	375,694	2,063,622
Beginning fund balances/net assets	2,957,889	44,422	3,002,311	4,257,527	7,490,544	11,748,071
Ending fund balances/net assets	<u>\$ 1,466,297</u>	<u>\$ 125,868</u>	<u>\$ 1,592,165</u>	<u>\$ 3,227,167</u>	<u>\$ 10,718,011</u>	<u>\$ 13,945,178</u>

CITY OF SERGEANT BLUFF, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2011

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Agency Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, there was one budget amendment which only reclassified budgeted disbursements by function. The budget amendment is reflected in the final budgeted amounts.

During the fiscal year ended June 30, 2011, disbursements did not exceed the amounts budgeted in any service function.

CITY OF SERGEANT BLUFF, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
For the Year Ended June 30, 2011

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2009 *	\$ -	\$ 16,092	\$ 16,092	0.00%	\$ 1,180,879	1.4%
2011	July 1, 2009	\$ -	\$ 16,092	\$ 16,092	0.00%	\$ 1,180,879	1.4%

* Fiscal 2010 was the first year for calculating the Post Employment Benefit Obligation so information from previous years is not available.

See Note 8 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and Net OPEB Obligation, funding status and funding progress.

OTHER SUPPLEMENTARY INFORMATION

CITY OF SERGEANT BLUFF, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2011

	Special Revenue Funds			
	Road Use Tax	Employee Benefits	Tax Increment Financing	Volunteer Fire Dept
Assets				
Cash and Pooled Investments	\$ 231,833	\$ 22,709	\$ 32	\$ 169,029
Receivables (Net, where applicable, of for uncollectibles)				
Taxes	-	1,672	11,125	-
Subsequent Year Taxes	-	272,155	132,687	-
Due from Other Governmental Agencies	32,848	-	-	-
Total Assets	264,681	296,536	143,844	169,029
Liabilities and Fund Balances				
Liabilities:				
Deferred Revenue -				
Subsequent Year Taxes	-	272,155	132,687	-
Total Liabilities	-	272,155	132,687	-
Fund Balances				
Restricted for:				
Local Option Sales Tax Purposes	-	-	-	-
Street Purposes	264,681	-	-	-
Specific Tax Levy Purposes	-	24,381	11,157	-
Fire Department Purposes	-	-	-	169,029
Total Fund Balances	264,681	24,381	11,157	169,029
Total Liabilities and Equity	\$ 264,681	\$ 296,536	\$ 143,844	\$ 169,029

Special Revenue Funds			Total Governmental Nonmajor Funds	
I-JOBS		Local Option Sales Tax		
\$	-	\$ 95,897	\$	519,500
	-	-		12,797
	-	-		404,842
	-	61,780		94,628
	-	157,677		1,031,767
	-	-		404,842
	-	-		404,842
	-	157,677		157,677
	-	-		264,681
	-	-		35,538
	-	-		169,029
	-	157,677		626,925
\$	-	\$ 157,677	\$	1,031,767

CITY OF SERGEANT BLUFF, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
JUNE 30, 2011

	Special Revenue Funds			
	Road Use Tax	Employee Benefits	Tax Increment Financing	Volunteer Fire Dept
Revenue:				
Taxes	\$ -	\$ 241,097	\$ -	\$ -
Tax increment financing	-	-	114,309	-
Other city tax	-	-	-	-
Intergovernmental Revenue	341,239	-	-	-
Charges for Services	-	-	-	66,594
Contributions	-	-	-	7,264
Interest	-	-	-	380
Miscellaneous	60	-	-	4,101
Total Revenue	341,299	241,097	114,309	78,339
Expenditures:				
Public Safety	-	-	-	40,200
Total Expenditures	-	-	-	40,200
Excess of revenues over expenditures	341,299	241,097	114,309	38,139
Other financing sources (uses):				
Transfers Out	(507,284)	(280,000)	(106,382)	-
Total other financing sources (uses)	(507,284)	(280,000)	(106,382)	-
Net Change in Fund Balance	(165,985)	(38,903)	7,927	38,139
Fund balances - beginning of year	430,666	63,284	3,230	130,890
Prior Period Adjustment	-	-	-	-
Fund balances - beginning of year, as restated	430,666	63,284	3,230	130,890
Fund balances - end of year	\$ 264,681	\$ 24,381	\$ 11,157	\$ 169,029

<u>Special Revenue Funds</u>			
I-JOBS	Local Option Sales Tax	Total Governmental Nonmajor Funds	
\$ -	\$ -	\$ 241,097	
-	-	114,309	
-	372,605	372,605	
17,745	-	358,984	
-	-	66,594	
-	-	7,264	
-	-	380	
-	-	4,161	
17,745	372,605	1,165,394	
-	-	40,200	
-	-	40,200	
17,745	372,605	1,125,194	
(3,152)	(942,000)	(1,838,818)	
(3,152)	(942,000)	(1,838,818)	
14,593	(569,395)	(713,624)	
21,154	727,072	1,376,296	
(35,747)	-	(35,747)	
(14,593)	727,072	1,340,549	
\$ -	\$ 157,677	\$ 626,925	

CITY OF SERGEANT BLUFF, IOWA
COMBINING STATEMENT OF NET ASSETS
Enterprise Nonmajor Funds
JUNE 30, 2011

	Business Type Activities		
	Solid Waste Utility	Storm Water Utility	Total
ASSETS			
Cash and Cash Equivalents	\$ 35,664	\$ 97,122	\$ 132,786
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	34,852	9,152	44,004
Estimated Unbilled Usage	6,745	1,891	8,636
Total Current Assets	77,261	108,165	185,426
Noncurrent Assets:			
Construction in Progress	-	498,109	498,109
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	-	125,467	125,467
Total Noncurrent Assets	-	623,576	623,576
Total Assets	77,261	731,741	809,002
LIABILITIES			
Accounts Payable	19,276	8,164	27,440
Accrued Wages and Compensated Absences	-	528	528
Accrued Compensated Absences	-	871	871
Due to Other Funds	-	4,273	4,273
Total Current Liabilities	19,276	13,836	33,112
Total Liabilities	19,276	13,836	33,112
NET ASSETS			
Invested in Capital Assets,			
Net of Related Debt	-	623,576	623,576
Unrestricted	57,985	94,329	152,314
Total Net Assets	\$ 57,985	\$ 717,905	\$ 775,890

CITY OF SERGEANT BLUFF, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Enterprise Nonmajor Funds
For the Year Ended June 30, 2011

	Business Type Activities		
	Solid Waste Utility	Storm Water Utility	Total
Operating Revenues:			
Charges for Services	\$ 276,367	\$ 80,350	\$ 356,717
Total Operating Revenue	<u>276,367</u>	<u>80,350</u>	<u>356,717</u>
Operating Expenses:			
Cost of Service	274,997	70,010	345,007
Depreciation	1	4,413	4,414
Total Operating Expenses	<u>274,998</u>	<u>74,423</u>	<u>349,421</u>
Operating Income	1,369	5,927	7,296
Non-Operating Income:			
(Loss) on Sale of Assets	(1,484)	(5,935)	(7,419)
Other Non-operating Revenues	229	-	229
Total Non-Operating Income	<u>(1,255)</u>	<u>(5,935)</u>	<u>(7,190)</u>
Income (Loss) before Transfers	114	(8)	106
Transfers In	-	374,000	374,000
Transfers (Out)	<u>-</u>	<u>(4,082)</u>	<u>(4,082)</u>
Change in Net Assets	114	369,910	370,024
Net Assets - Beginning	<u>57,871</u>	<u>347,995</u>	<u>405,866</u>
Net Assets - Ending	<u>\$ 57,985</u>	<u>\$ 717,905</u>	<u>\$ 775,890</u>

CITY OF SERGEANT BLUFF, IOWA
COMBINING STATEMENT OF CASH FLOWS
Enterprise Nonmajor Funds
For the Year Ended June 30, 2011

	Business Type Activities		
	Solid Waste Utility	Storm Water Utility	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 271,963	\$ 83,263	\$ 355,226
Cash Paid to Suppliers for Goods and Services	(272,851)	(27,141)	(299,992)
Cash Paid to Employees for Services	-	(36,076)	(36,076)
Other Nonoperating Income	229	-	229
Net Cash Provided (Used) by Operating Activities	(659)	20,046	19,387
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	-	(500,554)	(500,554)
Net Cash (Used) for Capital and Related Financing Activities	-	(500,554)	(500,554)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Operating Transfers to Other Funds	-	(4,082)	(4,082)
Operating Transfers from Other Funds	-	374,000	374,000
Due From (To) Other Funds	-	(2,227)	(2,227)
Net Cash Provided for Non-Capital Financing Activities	-	367,691	367,691
Net (Decrease) in Cash and Cash Equivalents	(659)	(112,817)	(113,476)
Cash and Cash Equivalents at Beginning of Year	36,323	209,939	246,262
Cash and Cash Equivalents at End of Year	\$ 35,664	\$ 97,122	\$ 132,786
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Net Operating Income	\$ 1,369	\$ 5,927	\$ 7,296
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	1	4,413	4,414
Miscellaneous Non-Operating Income	229	-	229
(Increase) Decrease in Assets:			
Accounts Receivable	(3,573)	2,924	(649)
Estimated Unbilled Usage	(831)	(11)	(842)
Increase (Decrease) in Liabilities:			
Accounts Payable	2,146	6,507	8,653
Accrued Wages and Compensated Absences	-	286	286
Total Adjustments	(2,028)	14,119	12,091
Net Cash Provided (Used) by Operating Activities	\$ (659)	\$ 20,046	\$ 19,387

CITY OF SERGEANT BLUFF, IOWA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Agency Funds
For the Year Ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<u>FLEX</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 6,869	\$ 12,694	\$ 12,712	\$ 6,851
Total Assets	6,869	12,694	12,712	6,851
<u>Liabilities</u>				
Accounts Payable	6,869	12,694	12,712	6,851
Total Liabilities	\$ 6,869	\$ 12,694	\$ 12,712	\$ 6,851

CITY OF SERGEANT BLUFF
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Eight Years Ended June 30

	Modified Accrual Basis			
	2011	2010	2009	2008
Revenues:				
Property tax	\$ 1,619,049	\$ 1,624,757	\$ 1,561,438	\$ 1,429,954
Tax increment financing revenue	114,309	87,956	22371	-
Other city tax	389,905	390,381	368402	380,639
Licenses and permits	22,477	19,186	18185	30,285
Intergovernmental	660,307	1,706,953	740150	363,853
Charges for service	210,568	205,860	195840	220,694
Proceeds from Sale of Assets	-	2,165	29065	-
Use of money and property	117,393	113,200	80622	76,477
Special assessments	6,519	3,970	-	65,801
Miscellaneous	130,540	158,523	144973	134,355
Total	<u>\$ 3,271,067</u>	<u>\$ 4,312,951</u>	<u>\$ 3,161,046</u>	<u>\$ 2,702,058</u>
Expenditures:				
Operating:				
Public safety	\$ 1,103,491	\$ 1,386,082	\$ 1,101,673	\$ 918,523
Public works	358,414	428,516	452,415	314,352
Health and social services	10,200	2,400	-	-
Culture and recreation	554,559	463,002	356,831	325,725
Community and economic development	65,496	55,457	35,330	33,609
General government	552,778	481,894	311,718	453,175
Debt service	863,623	1,436,444	639,818	645,238
Capital projects	894,030	1,830,471	1,362,548	598,026
Total	<u>\$ 4,402,591</u>	<u>\$ 6,084,266</u>	<u>\$ 4,260,333</u>	<u>\$ 3,288,648</u>

Modified Accrual Basis			
2007	2006	2005	2004
\$ 1,161,191	\$ 1,063,633	\$ 984,838	\$ 1,004,173
139,332	64,969	-	47,201
380,152	340,121	327,599	35,768
36,208	48,673	39,175	44,407
295,843	383,978	316,846	-
197,471	117,432	141,887	87,743
-	-	-	-
54,395	46,288	51,173	685,145
25,334	6,567	1,094	148,640
123,657	90,720	374,214	97,194
<u>\$ 2,413,583</u>	<u>\$ 2,162,381</u>	<u>\$ 2,236,826</u>	<u>\$ 2,150,271</u>

\$ 920,527	\$ 934,948	\$ 1,131,396	\$ 955,098
297,768	242,232	225,671	236,940
-	-	-	-
268,710	136,670	260,106	295,518
124,156	62,889	93,899	94,772
339,113	281,676	266,095	325,995
559,782	902,415	559,441	618,256
503,037	549,773	1,037,788	497,679
<u>\$ 3,013,093</u>	<u>\$ 3,110,603</u>	<u>\$ 3,574,396</u>	<u>\$ 3,024,258</u>

CITY OF SERGEANT BLUFF, IOWA
Schedule of Expenditures of Federal Awards (Cash Basis)
Year Ended June 30, 2011

	CFDA Number	Project/Contract Number	Program Disburse- ments
Indirect:			
DEPARTMENT OF TRANSPORTATION:			
Iowa Department of Transportation:			
Governor's Traffic Safety Bureau, Iowa Department			
of Public Safety:			
Safety Belt Performance Grants	20.609		\$ 4,500
ENVIRONMENTAL PROTECTION AGENCY:			
Iowa Finance Authority:			
Capitalization Grants for Drinking Water State			
Revolving Loans - ARRA	66.468	FS-97-09-DWSRF-025	680,098
Capitalization Grants for Drinking Water State			
Revolving Loans	66.468	FS-97-09-DWSRF-025	841,177
			<u>1,521,275 *</u>
Total Expenditures of Federal Awards			<u>\$ 1,525,775</u>

* Total expenditures from this program exceeds the 50% of the total Federal Awards and is considered to be a major program.

Note 1 - Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Sergeant Bluff, Iowa, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

CITY OF SERGEANT BLUFF, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Part I: Summary of the Independent Auditors' Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .511(a).
- (g) The major program was as follows:
CFDA #66.468 – Capitalization Grants for Drinking Water State Revolving Loan
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The City of Sergeant Bluff did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

Material Weaknesses:

II-A-11 Financial Reporting

Observation - During the audit, we identified material amounts of receivables, payables and capital asset additions not identified by the City. Adjustments were subsequently made by the City to properly include these amounts in the financial statements.

Recommendation – The City should implement procedures to ensure all receivables, payables and capital asset additions are identified and included in the City's financial statements.

Response – We will double check these in the future to avoid any missing receivables, payables and capital assets.

Conclusion – Response accepted.

II-B-11 Segregation of Duties

Observation - During the audit, it was noted that the individual who creates the utility bills also enters the rates and makes all the adjustments to the utility billing software. It was also noted that the individual that prepares the payroll checks also has the ability to make rate changes in the payroll master file and distributes the signed payroll checks. These incompatible duties gives those individuals the ability to perpetrate and conceal errors or fraud.

CITY OF SERGEANT BLUFF, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Part II: Findings Related to the Financial Statements – (Continued)

Recommendation - The City should implement a system of segregation of responsibility and review and monitoring functions for the payroll and the utility billing functions.

Response - The city is aware of the nature of the weakness and the necessity to establish more effective controls. Procedures will be reviewed and changes will be implemented as deemed necessary and practical.

Conclusion - Response accepted.

Part III – Findings Related to Federal Awards

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

No matters were noted.

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 - Certified Budget** – Disbursements during the year ended June 30, 2011 did not exceed the amounts budgeted.
- IV-B-11 - Questionable Expenditures** - We noted no questionable expenditures during our audit.
- IV-C-11 - Travel Expense** - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-11 - Business Transactions** – No business transactions between the City and City employees were noted.
- IV-E-11 - Bond Coverage** - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-11 - Cash and Investments** - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- IV-G-11 - Financial Report** – The Annual Financial Report was filed by December 1 as required by Chapter 384.22 of the Code of Iowa.
- IV-H-11 - Council Minutes** – We noted no transactions requiring approval which had not been approved by Council.
- IV-I-11 - Revenue Bonds** – No violations of revenue bond resolutions were noted.

CITY OF SERGEANT BLUFF, IOWA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2011

Part V: Findings – Year Ended June 30, 2010

III-A-10 Schedule of Expenditures of Federal Awards Reporting

Condition: During the audit, it was noted that the Schedule of Expenditures of Federal Awards was not accurately completed. All federal expenditures were not included on the Schedule of Expenditures of Federal Awards.

Recommendation: The City should designate an individual with the skill and knowledge to accurately prepare the Schedule of Expenditures of Federal Awards and implement a review process to ensure the accuracy of the Schedule.

Current Status: This finding was corrected at June 30, 2011.



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor, Members of the City Council
City of Sergeant Bluff, Iowa

Compliance

We have audited the compliance of the City of Sergeant Bluff, Iowa (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion of the effectiveness of the City of Sergeant Bluff's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Sergeant Bluff's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, City Council, and others within the City of Sergeant Bluff, Iowa, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
March 31, 2012

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor, Members of the City Council
City of Sergeant Bluff, Iowa

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF SERGEANT BLUFF, IOWA as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 31, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the City of Sergeant Bluff, Iowa's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sergeant Bluff, Iowa's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Sergeant Bluff, Iowa's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items II-A-11 and II-B-11 to be material weaknesses.

Compliance and Other Matters:

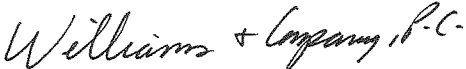
As part of obtaining reasonable assurance about whether the City of Sergeant Bluff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have

a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Sergeant Bluff, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Sergeant Bluff, Iowa's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.


Certified Public Accountants

March 31, 2012
Le Mars, Iowa